

BILL EMERSON
MEMBER OF CONGRESS
8TH DISTRICT, MISSOURI

HOUSE COMMITTEE ON
AGRICULTURE

HOUSE COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION

SELECT COMMITTEE ON HUNGER

MMDOcket 92-266

DOCKET FILE COPY ORIGINAL

Congress of the United States

House of Representatives

Washington, DC 20515-2508

July 30, 1993

OFFICES:
SUITE 2464
RAYBURN BUILDING
WASHINGTON, DC 20515-2508
202/225-4404

THE FEDERAL BUILDING
339 BROADWAY
CAPE GIRARDEAU, MO 63701
314/335-0101

612 PINE
ROLLA, MO 65401
314/364-2455

EX PARTE OR LATE FILED

The Honorable James H. Quello
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, DC 20554

3203
RECEIVED

AUG 19 1993

Dear Mr. Chairman:

Following up your statements regarding the plight of cable operators in complying with the 1992 Cable Act, We are writing to urge the Commission to take actions to alleviate unnecessary burdens on these operators. We believe that failing to act will seriously impede the ability of small cable systems to provide quality service to subscribers.

The Commission recognizes that Section 623(i) of the Cable Act "requires that the Commission develop and prescribe cable rate regulations that reduce the administrative burdens and cost of compliance for cable systems that have 1,000 or fewer subscribers." Moreover, the public interest standard authorizes exceptions to the general rule where justified. We appreciate your commitment to work to alleviate small system burdens. Specifically, we would urge the Commission:

To permit small operators to justify their current rates based on a simplified net income analysis. A simple comparison of total system revenues to operating expenses, depreciation and interest expenses for some specified prior period would demonstrate whether the system's current rates require any further examination. A net income analysis would be much simpler to calculate and apply than the benchmark approach.

To permit small operators to increase rates to the benchmark cap. The Commission has found that rates at or below the national cap are "reasonable." By affording small operators presently charging rates below the cap the option to increase rates to the cap, these systems will retain the flexibility needed to generate necessary capital.

To authorize small operators to base rates on the bundling of service and equipment charges. The requirement that operators "back out" equipment costs based on "actual cost" from the benchmark rates is a particularly onerous procedural requirement. The Commission should adopt a mechanism that does not force small operators to engage in these calculations.

No. of Copies rec'd
1 copy
LIST ABCDE

The Honorable James H. Quello
July 30, 1993
Page Two

To allow small operators to pass-through rebuild costs. Small operators are generally located in rural areas. Congress and the Commission have long advocated special regulatory treatment to make state-of-the-art communications technology available to rural areas. Permitting small operators to pass-through rebuild costs will increase the chances that rural subscribers promptly gain the benefits of state-of-the-art technology.

To clarify that the customer service requirements that do not require small operators to maintain local offices in each service area community. The local office rule will prove exceptionally onerous for many small operators. Under the rule, a system serving several communities of perhaps 100 subscribers would be obligated to bear the costs of local offices in each community. Any benefits would be clearly outweighed by the costs.

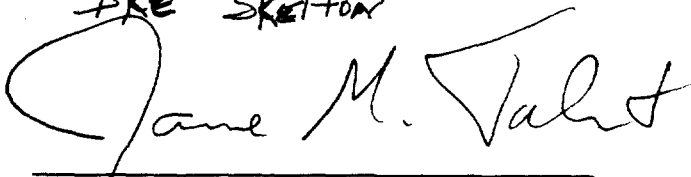
To commence a rulemaking addressing small system regulatory concerns. The Commission should comprehensively examine, in a separate proceeding, the impact of its regulations on small operators. This rulemaking should identify regulations which, when applied to small operators, are presumptively more harmful than beneficial. It should also discuss alternatives to benchmark regulations for small systems such as system profitability or level of net income. Small operators should be permitted to seek waivers of the identified regulations, with the burden placed on those who favor application of these regulations to the small operators.

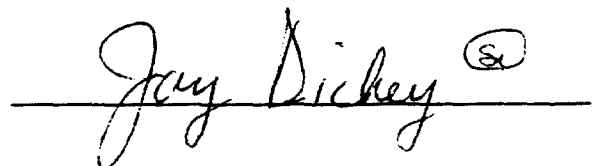
We believe that taking these steps will enable small operators to serve their subscribers efficiently, while simultaneously maintaining the Cable Act's consumer protections. Thank you for your consideration of these matters.

Sincerely,


F. R. Skelton


Bill Emerson


Jane M. Talbot


Gary Dickey

The Honorable James H. Quello
July 30, 1993
Page Three

Mel Hancock

Dave Camp
DAVE Camp

Richard Baker
Richard Baker

Jim McCree
Jim McCree